

CITY OF KAHLOTUS
Franklin County, Washington
January 1, 1992 Through December 31, 1993

Schedule Of Findings

1. The City Should Establish Written Cash Handling Procedures

We noted the following conditions during our review of cash.

- a. Petty cash was not vouchered or reimbursed based on petty cash receipts. Receipt slips had accumulated in the petty cash bag for over a year. Additions had been made to the fund but there was no indication on the petty cash receipt slips whether they were used as support for any of the additions. One addition could not be traced to the city's check register.
- b. Cash received from photocopy charges had not been deposited since July 1992. Photocopy receipts were \$93 more than cash on hand. We could not determine why this discrepancy occurred.
- c. The city is using three different types of redi-form receipt books.
- d. The city had \$5,920 in undeposited cash and checks. Of this total, \$5,600 in checks did not have City of Kahlotus treasurer's receipts issued.

Adequate internal control procedures are required to verify that errors and irregularities are detected in a timely manner.

These errors occurred because the city does not have written cash handling procedures for new employees to follow.

We recommend the city establish written cash handling procedures. These procedures should include, but not be limited to:

- a. Weekly deposit of cash receipts.
- b. Petty cash be reimbursed based on petty cash receipts through the voucher system.
- c. All payments received be receipted in using City of Kahlotus prenumbered treasurer's receipt.

2. Annual Financial Reports Should Be Prepared And Submitted Within The Prescribed Reporting Period

The City of Kahlotus' 1993 and 1992 annual reports were not completed and submitted to the State Auditor's Office by the May 30 deadline.

RCW 43.09.230 states:

The state auditor shall require from every . . . political subdivision financial reports covering the full period of each fiscal year. . . .

The State Auditor has promulgated in the *Budgeting, Accounting, and Reporting System* (BARS) manual that annual reports are to be certified and filed with the State Auditor's Office 150 days after the fiscal year end.

The annual reports were not filed because of the employee changes in the clerk/treasurer position.

When the financial reports are not prepared and filed as required, the users are denied access to the district's information. Such users include:

- a. The city's citizens and council.
- b. The state legislature which receives a copy of the annual volume of comparative statistics for all municipalities, published pursuant to RCW 43.09.230.
- c. Financing institutions and any other person interested in the district's finances.

We recommend that annual reports be prepared and submitted within the prescribed reporting period.